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Session 6: Taxicab Deregulation and Reregulation in Seattle: Lessons Learned

**TAXICAB DEREGULATION AND
REREGULATION IN SEATTLE:
LESSONS LEARNED**

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The City of Seattle regulated rates and entry in the taxicab industry beginning in 1914. The taxicab industry was deregulated in 1979 because it was believed that competition would provide the public with improved service and lower rates. In fact, service quality declined and rates were often higher. Subsequently, the taxicab industry was reregulated starting in 1984. Initially, rate ceilings were established and later a moratorium was placed on issuance of new taxicab licenses. Seattle, like nearly all of the other cities that experimented with deregulation, eventually returned to regulation of entry and rates.

In 1914, the City of Seattle fixed rates for the conveyance of passengers and baggage for hire.¹ This was the first regulation of rates. Maximum rates were established. The use of taximeters to determine fares was required.

Be it ordained by the City of Seattle as follows:

Section 1. It shall be unlawful for any person, firm, company or corporation in the city of Seattle licensed to convey passengers or baggage for hire, to demand, collect or receive a higher rate of fare for such service than the following:

For Conveying Baggage - -

One (1) trunk or piece of baggage, one (1) mile or less.....\$.50
Each additional mile, or fraction thereof..... .25
Each additional trunk, or any baggage any distance..... .50

Taxicabs - -

Tariff No. 1. One and two persons:

First one-half mile, or fraction thereof.....\$.50
Each additional one-fourth mile..... .10
Each four (4) minutes of waiting..... .10

Tariff No. 2. Three or more persons:

First one-third mile, or fraction thereof.....\$.50
Each additional one-sixth mile..... .10
Each four (4) minutes of waiting..... .10

The amount recorded by the taximeter at the time the passenger leaves the vehicle shall be the total charge...

Section 13. Any person violating or failing to comply with the provisions of this ordinance shall be deemed guilty of a misdemeanor, and on conviction, shall be fined in any sum not exceeding one hundred (100) dollars or imprisoned in the city jail for a term not exceeding thirty (30) days, or may be both fined and imprisoned.

¹ Ordinance 34058, passed by the City Council on December 14, 1914. Taximeters had been tested by inspectors from the Weights and Measures Division since 1912 using a measured mile course.

In 1915, the City of Seattle began regulating the operations of taxicabs including licensing drivers. Drivers were required to pass a written examination on traffic ordinances and the geography of the city then pass a practical driving test.

Ordinance 34159.

Section 2.

Each applicant for a license, before a license shall be granted, shall drive a vehicle through a crowded section of the city accompanied by the Superintendent of Weights and Measures or his inspectors and demonstrate his skill and ability to safely handle an automobile or other motor vehicle, and in addition thereto the applicant must pass a satisfactory examination by the Superintendent of Weights and Measures or his inspectors testing his knowledge of the provisions of this ordinance, the traffic ordinances of the city and the geography of the city.²

In 1915, the Weights and Measures Division licensed 1,451 drivers of jitney buses, taxicabs, and other motor vehicles for hire. Only 47 taximeters were tested that year – the taxicab industry was still quite new.³

Seattle adopted fixed taxicab rates and limited the number of taxicab licenses to a ratio of 1:2,500 population in 1930. This was the first regulation of entry into the taxicab industry.

Section 3. The number of taxicabs authorized to operate in the city of Seattle, and for which permits may be issued, shall be based upon the population of the City, being determined on the ratio of one (1) taxicab to each twenty-five hundred (2500) inhabitants reported in the preceeding United States Government census; provided, however, that this provision shall not affect the number of taxicabs, for-hire cars and sight-seeing cars operating with valid licenses on the effective date of this ordinance...⁴

The reason generally given for entry regulation was to prevent destructive competition caused by too many taxicabs. However, in Seattle, there was also competition with the city street railway system which caused the City Council to tighten rate regulation of taxicabs. A taxicab company charged zone fares and was competing directly with the street railway system. The 1930 ordinance eliminated so-called “zone taxicabs” which operated on a distance tariff based on geographical zones.⁵

The control of rates and entry in the Seattle taxicab industry was similar to regulatory practices in most other U.S. cities. There were some changes over time but regulation of rates and entry persisted until 1979 when the City Council decided to deregulate the taxicab industry. Taxicab licenses were made transferable in 1942.⁶ An ordinance prohibiting leasing of taxicabs was passed in 1954 but repealed in 1975.⁷ Additional taxicab licenses were issued for the 1962 World’s Fair and again in 1966 but otherwise the taxicab fleet remained the same size.⁸

² Ordinance No. 34159, passed by the City Council on January 4, 1915, required each driver of an automobile for hire to be examined for a license.

³ Annual Report of the Department of Public Utilities of the City of Seattle, Covering Period Nov. 30, 1914 – No.v 30, 1915, to the Honorable Hiram C. Gill, Mayor of Seattle, pp. 107-116.

⁴ Ordinance No. 59866 passed by the City Council on August 14, 1930.

⁵ Seattle Department of Licenses and Consumer Affairs. “A Report on the Regulation of Taxicabs in Seattle” (August 9, 1977), p. 1. Ordinance No. 59866 repealed Ordinance No. 59175, passed by the City Council on March 31, 1930, which established two types of taxicabs: “meter taxicabs” equipped with taximeters and “zone taxicabs”. Previously, taxicabs were required to charge fares by taximeter only.

⁶ Ordinance No. 71905 passed by the City Council in 1942. L. Andrews. “Taxicabs in Seattle” (August 1975), p. 3 - included as an appendix in Seattle Department of Licenses and Consumer Affairs. “A Report on the Regulation of Taxicabs in Seattle” (August 9, 1977)

⁷ Ordinance No. 83535 passed by the City Council in 1954 prohibited leasing of taxicabs. L. Andrews. “Taxicabs in Seattle” (August 1975), p.3 - included as an appendix in Seattle Department of Licenses and Consumer Affairs. “A Report on the Regulation of Taxicabs in Seattle” (August 9, 1977)

⁸ Ordinance No. 90966 authorized temporary taxicab licenses in 1962. Approximately 45 were issued. In 1966, Ordinance No. 95032 authorized additional taxicab licenses based on a showing of public convenience and necessity. There were 57 taxicab licenses issued during the period 1966-1968. L. Andrews. “Taxicabs in Seattle” (August 1975), pp. 3-4 - included as an appendix in Seattle Department of Licenses and Consumer Affairs. “A Report on the Regulation of Taxicabs in Seattle” (August 9, 1977)

HISTORY OF TAXICAB REGULATION, DEREGULATION AND REREGULATION IN SEATTLE

- 1912 Taximeters tested by weights and measures inspectors on a measured course.
- 1914 Fixed rates for conveyance of passengers and baggage for hire [Ord. No. 34058]
- 1915 Tested and licensed drivers of automobiles for hire [Ord. No. 34159]
- 1930 Limited the number of taxicab licenses to ratio 1:2,500 population [Ord. No. 59866]
- 1942 Taxicab licenses made transferable [Ord. No. 71905]
- 1979 Taxicab industry entry and rates decontrolled [Ord. No. 108196]
- 1984 Established rate ceiling 10% above average of rates filed on January 1 each year [Ord. No. 104338]
- 1987 Moratorium on new taxicab licenses (number eventually fixed at active taxicab licenses on December 31, 1990: 667)
- 1996 Required all taxicabs to be affiliated with licensed taxicab associations (minimum of 15 taxicabs) [Ord. No. 118341]

By 1979, there were 400 active taxicab licenses in Seattle. There were 292 taxicabs affiliated with three service companies (radio dispatch, business office) – Farwest, Graytop, and Yellow. The remaining 108 taxicabs were single owners and small fleets of independent operators (not affiliated with a service company).⁹ Some drivers were employees represented by a labor union but most were owner-drivers or lessee-drivers.¹⁰ Boeing layoffs in the early 1970s caused a local recession and the taxicab market was stagnant with ridership level or dropping. Gasoline prices were increasing dramatically. There were numerous taxicabs not working. A study conducted in 1976 found that, on any day, 25% of the taxicabs do not operate at all.¹¹ The median hours of operation was 9 hours per day. The City of Seattle denied applications to renew 51 taxicab licenses that failed to operate 240 days during the 1976-77 license year. Most of these application denials were appealed and later reinstated.¹²

DISTRIBUTION OF TAXICAB LICENSES BY JURISDICTION (1979)

<u>Taxicab Operator</u>	<u>Number of Taxicab Licenses by Jurisdiction</u>		
	<u>City of Seattle</u>	<u>King County</u>	<u>Sea-Tac Airport</u>
Farwest	140	116	32
Yellow	91	79	43
Graytop	61	61	19
Small Fleets	91	80	42
Single Owners	<u>17</u>	<u>36</u>	<u>33</u>
Totals	400	372	174

Source: Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. "Taxi Regulatory Revision in Seattle, Washington: Background and Implementation" (September 1980), Table 3.2, p. 37.

⁹ Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. "Taxi Regulatory Revision in Seattle, Washington: Background and Implementation" (September 1980), pp. 32, 37.

¹⁰ Teamsters Local Union No. 763 was the bargaining agent for some taxicab drivers and service company dispatchers. L. Andrews. "Taxicabs in Seattle" (August 1975), p.6 - included as an appendix in Seattle Department of Licenses and Consumer Affairs. "A Report on the Regulation of Taxicabs in Seattle" (August 9, 1977).

¹¹ Seattle Department of Licenses and Consumer Affairs (DCLA). "A Report on the Regulation of Taxicabs in Seattle" (August 9, 1977), Appendix "Capacity Utilization in the Seattle Taxi Industry", p. 6. The study was based on review of 320 trip sheets for a 10% sample of active taxicabs selected randomly conducted during October 1976. The study also found that 25% of the taxicabs operated more than 16 hours per day (double shift).

¹² Seattle Department of Licenses and Consumer Affairs (DCLA). "A Report on the Regulation of Taxicabs in Seattle" (August 9, 1977), Appendix "An Analysis of the Price Elasticity of Demand for Taxicab Services in Seattle", p. 2.

The Seattle City Council passed a resolution in 1974 which directed city departments not to use license code requirements to interfere with market regulation of entry or rates:

Resolution 24706

Guiding License Code Revisions

3. Licensing should not be used:
 - c. To suppress legitimate competition; or
 - d. To set prices or rates unless monopoly conditions exist which cannot be eliminated or otherwise controlled.¹³

Subsequently, in 1977, the Department of Licenses and Consumer Affairs (DCLA) prepared a report which concluded that the existing system of regulation was in conflict with these mandates. The report recommended that entry restrictions be repealed and that the fixed rate be replaced by a maximum rate to allow rate competition.

The Department of Licenses and Consumer Affairs recommends that the City of Seattle no longer limit the number of taxicab licenses which may be issued, whether by imposition of a population ratio limitation or a convenience and necessity requirement, and that any person who makes application for a taxicab license, and meets insurance, equipment and other regulatory licensing requirements be allowed to obtain the license.¹⁴

The Department of Licenses and Consumer Affairs recommends that the City of Seattle continue to regulate taxicab fare rates and charges, and proposes a rate regulation scheme which includes prescription of maximum fare rates, filing of rates at the maximum or lower rates, and a rate review procedure which involves submission of detailed ridership and financial information by taxicab owners and service companies, a hearing conducted by the Hearing Examiner, and determination of maximum rates by the Hearing Examiner, after calculation and consideration of operating ratio, rate of return, and/or capacity utilization/operational cost measures.¹⁵

DCLA calculated that the rate elasticity of demand was greater than 1 (1.16-1.27). As a result, they held that a rate increase was likely to result in a loss of revenue.¹⁶

$$\text{Rate Elasticity of Demand} = \frac{\text{Percentage Change in Quantity Demanded}}{\text{Percentage Change in Rate}}$$

The Federal Trade Commission surveyed several studies of rate elasticity of demand in various cities and estimated that 0.8-1.0 is the most probable range but commented that elasticity increases as rates increase.¹⁷ A consultant for the Washington Taxicab Association estimated that rate elasticity of demand in Seattle was 1.0.¹⁸ The Washington Taxicab Association was formed by the taxicab industry in 1977 to organize opposition to deregulation proposals by the City of Seattle.¹⁹ The taxicab industry generally opposed open entry and unregulated rates and there was no consumer groups advocating for deregulation.²⁰

¹³ Resolution 24706. See Appendix B.4a (p. A-93) in Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. "Taxi Regulatory Revision in Seattle, Washington: Background and Implementation" (September 1980). This report was published by the Urban Mass Transportation Administration (U.S. Department of Transportation).

¹⁴ Seattle Department of Licenses and Consumer Affairs (DCLA). "A Report on the Regulation of Taxicabs in Seattle" (August 9, 1977), p. 1.

¹⁵ *Ibid.*, p. 18.

¹⁶ Seattle Department of Licenses and Consumer Affairs (DCLA). "A Report on the Regulation of Taxicabs in Seattle" (August 9, 1977), Appendix "An Analysis of the Price Elasticity of Demand for Taxicab Services in Seattle", pp. 2-3.

¹⁷ Mark W. Frankena and Paul A. Pautler. "An Economic Analysis of Taxicab Regulation" Federal Trade Commission (May 1984), pp. 163-614.

¹⁸ Applied Economics Associates (1978). Cited in Mark W. Frankena and Paul A. Pautler. "An Economic Analysis of Taxicab Regulation" Federal Trade Commission (May 1984), p. 163.

¹⁹ Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. "Taxi Regulatory Revision in Seattle, Washington: Background and Implementation" (September 1980), p. 67.

²⁰ Richard O. Zerby, Jr. "Seattle Taxis: Deregulation Hits a Pothole" *Regulation* (November-December 1983), p. 44. See also, Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. "Taxi Regulatory Revision in Seattle, Washington: Background and Implementation" (September 1980), p. 102.

In the end, deregulation of entry and rates in Seattle occurred primarily because of strong proponents in DCLA and the City Council and because – on the national level – the federal government had started deregulating carriers in all modes of interstate transportation. For instance, several advocates of deregulation cited the recent success of federal initiatives to deregulate air travel. The influence of ideology and free-market economics on the decision to deregulate the taxicab industry are summed up best by the chief proponent of deregulation on the City Council:

“...the goal we have been trying to achieve in the city of Seattle is to improve taxi service to the public by improving the economic health of the taxicab industry. Second, we believe the best way to accomplish that is for government not to interfere with private industry unless there is a good reason for doing so.” – Randy Revelle, Councilmember (1980)²¹

The taxicab industry was deregulated by Ordinance No. 108196 which was passed by the City Council on May 7, 1979. The limitation of taxicab licenses was removed and taxicab owners were allowed to set rates without controls. Rates were required to be filed and rates could only be changed four times per year: August, November, February, and May (Section 511). Also included in the deregulation ordinance were deletion of the minimum operating requirements and removal of the requirement to keep trip sheets.²² Many economists supported deregulation since they were convinced that a free market would regulate itself better than government officials. For example,

Elementary economic analysis predicts that the combination of price and entry restrictions should lead to higher fares, lower taxi usage in general but more intensive use of each cab, slower responses to customer calls for service, and positive license (or medallion) values. Fares should be higher because restricted entry raises the market-clearing price and because, under uniform price controls, regulators will tend to set fares above market-clearing levels. In consequence, the license to operate a taxi, known as a “medallion”, will carry a positive value: new entrants will be willing to pay to buy one. The medallion price should approach the present value of the stream of future fare income that an owner expects to receive, over and above the costs of operation, and that can be attributed to the artificial scarcity of cabs...

Deregulation would, of course, reverse the effects of regulation. Thus it could be expected to attract more cabs into the market which would lead to lower fares, higher industry employment, faster response times, and falling license values. All this did in fact occur.²³

The results of deregulation were expected – by both proponents and opponents. According to one study, there was a 21% increase in the number of taxicab licenses and a 50% increase in the number of companies during the period 1979-1981.²⁴ Open entry increased the number of taxicabs. However, contrary to the predictions of most supporters of deregulation, rates actually rose. It appeared that increased competition was not benefiting the public with lower rates. One study estimates that the cost of an average trip increased by 35%.²⁵ This figure has been disputed by proponents who argue that the real rates were 99% of the CPI (Consumer Price Index) during 1967-1979 and just 92% of the CPI after deregulation.²⁶ Another study finds that the Seattle Consumer Price Index rose by 90% between 1970 and 1979 while taxicab rates only rose 38% during the same period.²⁷

²¹ Randy Revelle. “Regulatory Revision in Seattle/King County, Washington”, p. 71 in Urban Mass Transportation Administration. “Taxicab Innovations: Services and Regulations” Proceedings of the National Conference on Taxicab Innovations in Kansas City, MO during May 5-6, 1980.

²² See Table 4.1 “Comparison of Previous and Revised Seattle Taxi Codes” in Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. “Taxi Regulatory Revision in Seattle, Washington: Background and Implementation” (September 1980), pp. 77-80.

²³ Richard O. Zerbe, Jr. “Seattle Taxis: Deregulation Hits a Pothole” *Regulation* (November-December 1983), p. 44.

²⁴ *Ibid.*, p. 44.

²⁵ Steven B. Colman. “Recent Developments in the Revision of Taxi Regulations in Seattle and San Diego” *Paratransit 1980* Transportation Research Record 778 (1980), p. 24.

²⁶ Richard O. Zerbe, Jr. “Seattle Taxis: Deregulation Hits a Pothole” *Regulation* (November-December 1983), p. 45.

²⁷ Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. “Taxi Regulatory Revision in Seattle, Washington: Background and Implementation” (September 1980), p. xiii.

Most of the results of deregulation were disappointing. Ridership declined by 25% during 1979-1981 even though the number of taxicabs increased by 20%.²⁸ Rates for taxicabs without radio dispatch were 27% higher than radio dispatch taxicabs. The median taxicab vehicle age rose from 4 years to 6 years.²⁹ Medallion values declined from \$4,000-\$8,000 prior to deregulation to \$900-\$1,000 afterwards.³⁰

RESULTS OF DEREGULATION			
	Regulation 1979	Deregulation 1981	Change
Number of Taxicabs	421	516	+21%
Number of Companies	57	85	+50%
Rates	\$.90 drop	\$ 1.00 drop	+11%
(large radio- dispatched companies)	.70 mile	1.00 mile	+43%
	.12 wait	.20 wait	+67%
Average Trip			+ 35%
Ridership			-25%
Vehicle Age	4 years	6 years	+50%
Medallion Value	\$4,000-\$8,000	\$900-\$1,000	-84%

Passenger complaints increased – particularly price gouging and short trip refusal at Sea-Tac Airport and the Amtrak Station. Some rates at the airport were 50% higher than the average rate.³¹ Taxicab queues at the airport and train station made it impossible for deplaning passengers to shop for the lowest rate. The taxicab lines were too long and drivers sometimes fought over passengers.

The troubles at the King Street railroad station were representative of, though a bit more extreme than, those at cab stands in the city. Before deregulation, Amtrak awarded the right to serve the railroad station to a single franchisee. It agreed to switch to open entry in 1979, mostly because of pressure from independent operators – who quickly took advantage of the new opportunity. Long taxi lines developed, taxis spilled out of assigned areas, some drivers left their cabs (blocking access for Amtrak employees as well as fellow cabbies) and some loitered in the station aggressively seeking passengers. Amtrak personnel attributed these problems almost entirely to the independent cabs. Independent drivers clashed with drivers of the lower-priced “major” cab fleets.³²

²⁸ Mark W. Frankena and Paul A. Pautler. “An Economic Analysis of Taxicab Regulation” Federal Trade Commission (May 1984), p. 127 [Note 175]. The authors quote Pat M. Gelb. “Effects of Taxi Regulatory Revision in Seattle, Washington” (May 1983b), p. xv.

²⁹ Ibid., p. 128.

³⁰ Pat M Gelb, Robert M. Donnelly, Lidano A. Boccia. “Taxi Regulatory Revision in Seattle, Washington: Background and Implementation” (September 1980), p. xvi.

³¹ Ibid., p. xv.

³² Richard O. Zerbe, Jr. “Seattle Taxis: Deregulation Hits a Pothole” *Regulation* (November-December 1983), p. 46.

There was a wide range of rates which caused considerable confusion among passengers. For example, the rate filings for February 1984 included:

<u>Taxicab Operator</u>	<u>Drop</u>	<u>Mile</u>	<u>Wait</u>	<u>Extra</u>	<u>10 mile</u>
Mike's	\$2.00-1/15	\$1.50	\$.40	\$1.00	\$16.90
Sr. Citizen	1.00-1/5	1.00	.20	.20	10.80
Nite Rate	3.00-1/15	1.50	1.00	1.00	17.90
Sno-King	1.00-1/7	1.40	.40	.50	14.80
Nite Rate	3.00-1/10	1.00	.40	.50	22.80
Sr. Citizen	1.00-1/5	1.00	.20	.50	10.80
Tac-Sea	1.00-1/13	1.30	.30	.25	13.90
County	500.00-1/5	100.00	20.00	0	1,480.00
Vista	1.20-1/6	1.20	.25	.50	13.00
6 PM-Midnight	1.20-1/7	1.40	.30	.50	15.00
Midnight – 6 AM	1.20-1/8	1.60	.40	.50	17.00

There were 161 different rates filed by 101 taxicab operators. The 10 mile fare is shown so that passengers can compare taxicab rates (assumes one passenger and no waiting time). The county rate was in effect for trips originating at Sea-tac Airport.

There was a general increase in passenger complaints of all types.

The consumer complaints have focused on confusion over rate disparity, as the public perception is one of being robbed when fares for a round trip were not identical. Concerns have also been expressed by the public and taxi owners, as to the safety and sanitary condition of the taxicab fleet. The taxi companies are also concerned about their ability to earn a livelihood when new taxi companies are not restricted from operating, thereby providing an over supply of taxis.³³

Seattle's experience with taxicab deregulation was very similar to that of most other cities. One study examined more than 20 U.S. cities that deregulated taxicab entry or rates or both prior to 1983 and summarized the results as follows:

1. A significant increase in new entry;
2. A decline in operational efficiency and productivity;
3. An increase in highway congestion, energy consumption and environmental Pollution;
4. An increase in rates;
5. A decline in driver income;
6. A deterioration in service; and
7. Little or no improvement in administrative costs.³⁴

According to the author of this study, the expected benefits of deregulation – especially lower rates and faster service response times – never materialized because the taxicab industry, “fails to reflect the perfect competition model described in micro-economic textbooks.”³⁵ A perfectly competitive market is characterized by: (1) a large number of sellers so that one seller cannot influence rates; (2) a homogeneous product so that advertising won't increase one seller's market share; (3) no barriers to entry (e.g., no limitations on the number of taxicab licenses); and (4) passengers have perfect knowledge of rates so that they won't pay more than the lowest rate. The taxicab industry in Seattle – and in most cities that deregulated - did not fit this model. For example, there were a large number of single owners in the taxicab zone segment of the market but 80% of the paid trips were ordered by telephone in the radio dispatch segment of the market where the number of sellers was very concentrated (the big three). Additionally, passengers could not easily compare rates because there wer many different rates filed with different combinations of drop, mileage, and wait time.

³³ Director, DCLA memorandum to Mayor dated June 6, 1984, p. 2

³⁴ Paul Stephen Dempsey. “Taxi Industry Regulation, Deregulation & Reregulation: the Paradox of Market Failure” University of Denver *Transportation Law Journal* , Vol. 24, No. 1 (Summer 1996), p. 102

³⁵ *Ibid.*, p. 101

In 1984, the City Council passed a new ordinance which partially reregulated the taxicab industry. The taxicab ordinance was revised to establish a rate ceiling 10% above the average of rates filed on January 1 of each year rounded to the nearest 10 cents. Entry remained open for the time being. Beginning in 1987, the City Council adopted a series of moratoriums on the issuance of new taxicab licenses. Eventually, the number was fixed at the active taxicab licenses on December 31, 1990 – 667 taxicab licenses.

There was argument on both sides of the deregulation debate whether Seattle's experiment with deregulation was a failure. Some studies concluded that the mistake was in treating the taxicab industry as one market instead of considering each market segment separately – radio dispatch (big 3 fleets) and taxicab stands (independents). Whether that approach would have been more successful remains an open question. What is certain is that the impact of deregulation was still visible over a decade later. The taxicab industry suffered from a surplus of supply for years, lost substantial business to competitors (e.g., shuttle vans, town cars) – particularly airport trips, saw a large shift from employee drivers and owner-drivers to lessee drivers, used increasingly older vehicles (usually police cruisers purchased at public auction), and witnessed a general decline in the quality of service. The City of Seattle had to address these issues in a comprehensive rewrite of its taxicab code in 1996.³⁶ The new taxicab code set a fixed rate (\$1.80 drop, \$1.80 per mile), continued closed entry, imposed stricter vehicle and driver standards, and required taxicabs to affiliate with licensed taxicab associations.

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³⁶ Ordinance No. 118341, passed by the City Council on October 21, 1996 (effective January 1, 1997), and amended by Ordinance No. 113080, passed on March 6, 2000.